

the economy. It would make significant debt reduction and tax relief much more difficult.

My budget plan doesn't slam the brake on spending; it slows the growth of spending. It makes our increases in spending more realistic and reasonable. All in all, my budget will provide the Government with 100 billion more to spend in 2002. Even by Washington standards, this is a lot of additional money, and it is enough.

This debate illustrates a point I've been making for a while: When money is left in Washington, there is a tremendous temptation for the Government to use it. The point is simple: If you send it, they will spend it. And this is why we need a balanced approach of moderate spending growth, debt reduction, and meaningful tax relief.

This is the plan the Congress is now considering, and I hope you'll give it your support.

Thank you for listening.

NOTE: The address was recorded at 3:22 p.m. on March 23 in the Cabinet Room at the White House for broadcast at 10:06 a.m. on March 24. The transcript was made available by the Office of the Press Secretary on March 23 but was embargoed for release until the broadcast.

Exchange With Reporters in Kansas City, Missouri

March 26, 2001

National Economy

Q. Are we in the middle of an economic downturn?

The President. We'll let the numbers speak for themselves. I'm concerned about our economy. I'm confident, however, if we do the right things, we can have economic growth, the likes of which we've had in the past. We'll watch the numbers carefully. The numbers will speak the truth.

The last quarter of last year was a very slow-growth quarter, and we'll see how it is in the first quarter of this year. I think a lot of experts believe that it's going to be slow.

Q. Do you believe in Ari's formulation, that we're in the middle of an economic downturn?

The President. Pardon me?

Q. Do you agree with your spokesman's formulation, that we're in the middle of a downturn?

The President. It has slowed down, and we better do something about it. And that's one of the reasons I'm here in Kansas City, to talk about tax relief as part of an economic stimulus package. And by the way, you looked very sharp the other night. Where did you rent it? [Laughter]

Airline Strikes

Q. Mr. President, are you going to intervene in the Comair strike?

The President. The National Mediation Board did not make—did not rule. In other words, they did not give me the right to move in on the strike, therefore, the parties are going to have to settle it themselves.

Q. Are you still determined to prevent a season of airline strikes, sir?

The President. I am worried about what the airline shutdowns could do to the economy. I would urge that all parties come to quick resolution on the matters that—you know, on the table. Yes, I'm concerned about what airline strikes could do.

Q. But your hands are tied in this case?

The President. In this case they are, as you know.

Thank you.

NOTE: The exchange began at 10:49 a.m. at the First Watch Restaurant. A reporter referred to Press Secretary Ari Fleischer. A tape was not available for verification of the content of this exchange.

Remarks to Employees of Bajan Industries in Kansas City

March 26, 2001

Elson, thank you very much for your hospitality. It was interesting, you said the name of this company is a reflection of his heritage, and that's true. But this company is also a reflection of the American Dream, as well. And I'm so thankful for the invitation to be here. I'm also thankful for your willingness to dream and to create jobs. This is what America is all about. This is what I call the lifeblood of the country.

I also took notice of the fact that you were quick to introduce your wife. *[Laughter]* Smart man. *[Laughter]* But I'm so thankful for you all to let us come. Senator, thank you very much for traveling with me. I appreciate Senator Bond's leadership. I believe he's got his priorities absolutely straight, and they include the people of—they include the good people of Missouri, right at the top of the list. And I appreciate being able to call him an ally.

Earlier today, I was proud to travel with a newly elected Congressman, Sam Graves. We went to his district to say hello to folks in the district. And Sam, thank you for your willingness to serve. It's good to see Congresswoman Karen McCarthy. Thank you for your hospitality, Karen. And Congressman Dennis Moore, I've had a chance to visit with Dennis in the past, and I appreciate him at least giving me a chance to make my case. *[Laughter]* Mayor, thank you very much for your hospitality. Thanks for greeting me here today.

I want to talk about a subject that's on my mind—part of my job is to put it on your mind if it's not—and that's how to make sure we treat your money wisely in Washington and what do we do if we have any of it left over. First, let me talk about budgeting. Elson has to budget. And his plant manager has to budget. And one of the key components of budgeting is to set priorities. We're in Washington; sometimes there are no clear priorities. You have to prioritize with the people's money, and we have set priorities in my budget.

A major priority is education. The biggest increase of any department is in the Department of Education. But I also want you to know, even though we're asking for more money to be spent in Washington, I'm not asking for more power. As a matter of fact, I want there to be less power in Washington, because I strongly believe in local control of schools. I believe that Washington ought to trust the local people to make the right decision for the schools. People closest to the problem are those best able to address—*[applause]*.

You've heard a lot about some issues that relate to schools in this area. Don't be looking for Washington for the solutions. We may

be able to help with some funding, but the government that is closest to the people is that more likely to be able to address problems. And as a former Governor, I understand one size does not fit all when it comes to education. The issues between Texas and Missouri are different, and they darn sure were different within my own State. And so we need more flexibility at the local level, less power in Washington.

But I also believe in results. I know Elson believes in results. He's a results-oriented man. And I believe public policy ought to be results-oriented. So my attitude is, if we increase spending at the Federal level and align authority and responsibility at the local level, we also ought to ask the question, what are the results? We ought to say to local school districts, "If you receive Federal help, you measure and you show us whether or not children are learning to read and write and add and subtract, so that we know—so that we know—whether school systems are quitting early on children."

And I've seen what happens when school systems quit early on children. Guess who gets quit on: children whose parents may not speak English as their first language, inner-city children. And to me it makes sense that if you receive help, you've got to measure. I don't want there to be a Federal test. I don't want the National Government to undermine local control of schools. But I do think society ought to ask the question, are the children learning? And if they are, we ought to applaud and thank principals and teachers. But if not, we ought to correct the problem early, before it's too late. It's time for a new attitude when it comes to the education of our children, particularly starting in Washington, DC.

And I think we're making good progress. There's a new spirit of accomplishment in Washington, DC. And I think we're making good progress on an education bill. Both Republicans and Democrats are coming together to adhere to a set of principles that will encourage educational excellence.

Another priority of mine, of course, is how best to keep the peace. And so part of my budget was to ask Congress to spend more money on the men and women who wear the uniform, to increase the salaries of our

troops and to make sure they're housed better. I'm worried about morale in the military. And one good way to start rebuilding morale is to pay people better, and that's exactly what we're going to do.

But I also have the responsibility of laying out a strategic plan for the military, for how best to spend the taxpayers' money beyond pay increases. We have the responsibility in the executive branch to take a full review of where money ought to be spent in the future, so we can better keep the peace. Before we ask Congress to spend money on weapons systems, our view is, let's make sure the weapons systems are needed. As we think about research and development money, let's make sure it fits into a strategic plan so that the United States can keep the peace not only today but 20 to 30 years from now.

Another priority is health care. And we've got a lot of money in my budget for health care. We double the money for Medicare. We double the amount of folks who will be served at community health centers. We provide money in the budget to help the working uninsured be able to purchase insurance. We focus on health care.

And we also do something else in the budget—and I know there's a lot of talk, and there's a lot of ways to justify keeping your money in Washington, but one of the old ways of justifying keeping your money in Washington is left. It's no longer relevant. Some may continue to try to frighten people with it—and that's the issue of Social Security. We're taking all the payroll taxes and dedicating them only to one thing, and that's Social Security. The day of trying to frighten seniors in America to be against something is over with.

This is a budget that sets priorities: Defense is a priority; education is a priority; health care is a priority. I readily concede we don't try to be all things to all people in our budget, however, but we do increase discretionary spending by 4 percent. And this creates the rub in Washington. There are some who think 4 percent is too small. I can understand why, because during the last budget cycle the Congress spent—raised the discretionary spending by 8 percent.

Now, remember, inflation is less than 4 percent. Most people aren't getting 4 percent

pay raises, and yet asking our Government to live on a 4 percent increase in discretionary spending has created some tension. It made people nervous, has created all kinds of noise in Washington.

But I think it's realistic to ask the Federal Government to keep its spending at a rate a little more than the rate of inflation. I think that's a realistic expectation, and it shouldn't surprise any of you all. I said, if you give me the chance to be the President, I'll work to be fiscally responsible with your money. The days of spending orgies in order to get people out of town are over with, as far as I'm concerned. I'm going to set priorities and strictly make sure that your money is spent wisely and that we don't have a bidding contest in Washington, DC.

We've also paid down a lot of debt. There's a lot of discussion about debt at the national level, and ours is a budget that pays down \$2 trillion worth of debt. Now, there are some who may want to pay off more debt. But the 2 trillion is the only amount that's coming due over the next 10 years, and it doesn't make much sense to pay down debt prematurely. It will cost the taxpayers additional money to do so.

I guess what I'm trying to say is, I've taken a commonsense approach to your money. We've set priorities. We've increased the budget by 4 percent. Admittedly, it's not 8 percent, but 4 percent's plenty for the Federal Government to live on. We pay down \$2 trillion of debt.

Incredibly enough, we also set aside one trillion more dollars, over 10 years, for a contingency. But you know what, there's still money left over—about \$1.6 trillion. And that's where the big debate—that's what we're talking about, what to do with the money. I start with this premise, that that surplus is not the Government's money. It's the hard-working people's money. It's the money of the entrepreneur. It's the hard-working—it's the people's money; that's whose money it is.

And as we're thinking about what to do with it, I hope the Congress always remembers whose money it is. I love the idea we're going to give the people their money back. You know, I say that myself sometimes. I just don't think we ought to take it in the first

place. After we meet priorities, I think we ought to let you have it. So I've submitted a tax relief plan. The debate no longer is whether or not we're going to have tax relief. It is how much money is going to be passed back to the people and how quickly. And that's a good sign for the hard-working Americans who are paying taxes.

I'd like to explain some of the principles of the tax relief plan. First of all, you hear a lot of talk about targeted tax relief. Those words basically mean that Congress gets to pick and choose who gets tax relief and who doesn't get tax relief. But that is not my vision of fair Government. Our vision of Government says that if you pay taxes, you ought to get relief, that the idea of trying to pick and choose who does and who doesn't isn't right. So we lower all rates for everybody who pays taxes. The largest percentage tax relief goes to the folks at the bottom end of the economic ladder.

We understand—or I understand, and proponents of my plan understand, that if you're on the outskirts of poverty, struggling to get ahead, the Tax Code is incredibly unfair. It's unfair because as some taxpayers make more money, they pay a higher marginal rate than successful people do. If you start losing your earned-income tax credit and you go into the 15 percent bracket for the first time, and you pay payroll taxes, the marginal rate on every additional dollar you earn is higher than somebody making \$200,000. That's the current Tax Code today, and that's not right.

One of the major principles in the tax relief plan says, the harder you work, the more money you ought to be able to make and keep; the harder you work, the more money you ought to have in your pocket. And so this is a plan that recognizes the code is unfair. That's why we drop the bottom rate from 15 percent to 10 percent and increase the child credit from \$500 to \$1,000 per child.

We also drop the top rate from 39.6 to 33 percent. And this is where some of the folks in Washington would rather holler than listen to the facts. It's easier to say some things about, maybe certain folks shouldn't be getting tax relief. But I want people to understand this about dropping the top rate.

A major beneficiary of dropping the top rate from 39.6 to 33 percent are small-business owners. Thousands of small businesses pay taxes at the top personal rate. The limited liability corporation, just like this company, pays taxes at the high personal rate. The unincorporated small-business owner pays taxes at the high personal rate. The sole proprietor pays taxes at the high personal rate.

Elson, you'll be pleased to hear, I hope, that I believe the role of Government is not to create wealth but an environment in which the entrepreneur can flourish. And one way to do so is to provide meaningful tax relief for the unincorporated businesses all across America. By dropping the top rate, we're enhancing the cash flow of the major new job creators in the country. I've come to this plant—[*applause*].

Oh, I've heard the rhetoric, but the reality is, the Elson Seale of the world—his company benefits, which makes it easier for him to employ the good folks he's employing here. Tax relief for small businesses is vitally important. It's vitally important to make sure that the entrepreneurial—the entrepreneurial spirit flourishes in America. It's also vitally important as our economy slows down.

We've got to remember who the major job creators are. New jobs are created by small-business people and entrepreneurs, and we should not let the rhetoric of a few in Washington cloud the issue. And the issue is, how do we get more money into the coffers of the small businesses like Elson's in America? And that's what this tax relief plan does.

So when you hear them saying they're against dropping the top rate, you can translate that to the people saying, "We just don't appreciate entrepreneurship or the small-business creation in this country."

There's two other issues I want to talk about. One is that the marriage penalty is unfair. It's an unfair part of our Tax Code. And I urge the House and, ultimately, the Senate to do something about that.

And I tell you something else unfair in our Tax Code, the death tax. That's unfair. I think Elson ought to be allowed to pass his business from one generation to the next without being taxed twice. I don't know what your plans are to do with your business, and I'm not going to get you to declare right now—

[laughter]—particularly in front of your son and daughter, but I do know that if part of your dream is to pass your asset base on to your kin, you ought to be allowed to do so. He pays taxes during—when he makes money; that’s one time. Why should he pay taxes on his death? It doesn’t seem to make sense to me. If part of the American experience is realizing a dream and building up your own asset base, an equally important part of that is passing your asset base on to your kin, to your son or your daughter. It’s part of the American Dream. It’s time to get rid of the death tax in the Tax Code.

Not only does today give me a chance to talk about the benefits for a company like Elson’s, I’d like to introduce some folks that I got to meet at a restaurant over there, the Edwards family. Robert’s a manager at Bob Evans Restaurant, and Jennifer’s an accountant at a real estate firm. They’ve got Quentin and Ian with them. Quentin is 3½; Ian is barely hanging on at one—[laughter]—looking for a nap. [Laughter] Mom probably is, too, right about now. [Laughter] The reason I asked them to come, because I want to just describe their circumstances quickly. This good family works hard. They pay \$1,750 in Federal income taxes. And under the plan, when fully implemented, if Congress passes it, they’ll end up paying no Federal income tax. They’ll end up saving \$1,750. And I’ve asked them to come because it gives me a chance to vividly make this point, and it’s this: Once the Government has met its basic needs, and we’ve grown the discretionary budget by 4 percent, and paid down \$2 trillion of debt, set aside a trillion for contingencies, what do we do? I would much rather have these good folks spend the \$1,750 than the Congress. In all due respect, I think we ought to trust these people with their money. It is your money to begin with.

And that’s the fundamental debate, and that’s the debate that’s going to take place. It’s taking place in the House. It’s going to take place in the Senate. Who do we trust? This debate, as far as I’m concerned, is a matter of trust. Do we trust the Elson Seales of the world, or do we trust the Government to make the decisions? Once priorities are met, once we have increased discretionary spending, once we have made sure Social Se-

curity is safe, once we have doubled Medicare, who do we trust with the people’s money? Ask the people.

I would much rather have this man and his wife making the decisions what to do with that \$1,750 than the appropriators in the United States Senate and the United States House. And that’s the issue during this campaign—and that’s the issue during this debate.

And so if you like what you heard, I urge you to use the old e-mail—[laughter]—or the telephone or the letter. It’s amazing how effective people can be when it comes to convincing their elected officials to listen to a different point of view.

I’m honored to be able to come out and make my case. It’s important for me to get out of the Nation’s Capital and get in front of as many people as I can. Sometimes the filter may not say it exactly the way I’d like it to be said, if you know what I mean. [Laughter] Sometimes the message doesn’t get delivered directly, and this gives me a chance to do so. It gives me a chance to say that ours is a plan that meets priorities but doesn’t want to grow the size of the Federal Government relative to the size of people’s pocketbooks.

There’s a lot of talk about debt at the national level. I urge the Senators and the Congress to remember there’s a lot of debt at the personal level, too. And there’s a lot of talk about, oh, this assumption, that assumption. But one thing we’re certain of is that energy bills are going up for people. We’re certain of that. And at the very minimum, we ought to share some of the people’s—not take the people’s money in the first place, so they can manage their new energy account—their increased energy accounts.

Now, we need to hear the people of this country. We need to listen to them. We need to understand the entrepreneurial spirit. We need to trust families with their own money, because the true strength of the country lies in the hearts and souls of the American people. That’s the great strength of this country. The great strength of the country happens when a neighbor turns to a neighbor in need and says, “What can I do to help. Brother, you got a problem; what can I do to help?”—

acts of kindness that take place on a daily basis.

No, the true strength of the country is when somebody says, “I think I want to teach some values to a child,” and becomes a Boy Scout or Girl Scout leader or Boys or Girls Club leader. The true strength of the country comes when a mother or dad understands their most important job is not what they’re doing during the day, but loving—if they happen to have a child—loving their children with all their heart and all their soul. That’s the true strength of this country.

I know we’ve lost some wealth in the stock market recently, but the real wealth of America is the creative energy of our folks. And tax policy ought to unleash the creative energy of Americans and trust Americans with their own money. I’d like your help. I’d like your help. This isn’t for me. This isn’t help for a political party. This is help for doing what’s right for America. This is important for our economy, but it’s also important for the families and hard-working people all across the country. And we can afford it.

God bless.

NOTE: The President spoke at 11:50 a.m. in the factory. In his remarks, he referred to Elson Seale, owner, Bajan Industries, LLC, his wife, Delores, and their children Jamal and Janine; and Mayor Kay Barnes of Kansas City.

Remarks at the Tractor Supply Company and an Exchange With Reporters in Billings, Montana

March 26, 2001

The President. I want to thank—Fred, thank you for having me, and I want to thank you all for coming. I look forward to talking about American agriculture with you. The issues that relate directly to Montana farmers and ranchers are issues that relate to Texas farmers and ranchers, too. Agriculture is an incredibly important part of our Nation’s economy.

I’m going to tell you a couple of things, then I’m going to listen. But I am going to tell you that when it comes to negotiations and trade agreements, we will treat agriculture as an important, integral part of our strategy. We won’t kind of hold agriculture

out and then maybe try to get a good deal or not. Agriculture is an important part of our country’s economic future.

Secondly, I’m—we’ll have regulations based upon sound science.

Thirdly, I’m worried about energy; I know you all are, as well. Energy is driving up the cost of farming. It’s not only driving up the cost of, obviously, what it takes to run your vehicles; it also drives up the cost of fertilizer. And I understand that.

And fourthly, I look forward to discussing with you some of the conversations I’ve had with our Canadian friends to the north in regards to labeling and wheat policy and timber policy, as well. So I’m honored that you all gave me a chance to come by and visit. It’s my first time I’ve ever been to the State of Montana. But I suspect I’m going to find—good folks here in this State are kind of like the folks where I came from, hard-working, God-fearing, family-loving people who are worried about how to make a living in the agriculture sector. Thank you all for giving me a chance to be here.

Agricultural Assistance

Q. Mr. President, do you see a need for a farm rescue package along the—[*inaudible*—of last year’s?

The President. It’s too early to tell, but we’ve got contingency money set aside. We’ve got contingency money set aside in case that needs to happen.

Q. And do you see a need for a permanent change in the farm—[*inaudible*]?

The President. It’s too early to tell. What we don’t know yet is whether or not the new risk management programs that have been put in place achieve their desired effect.

Montana Drought

Q. Montana farmers are worried about drought, Mr. President. What can you do to help them?

The President. Pray. Pray for rain. [*Laughter*] We have just come through a tough drought in my State of Texas, and I understand what drought does to a farmer. The only thing we can do is hope moisture comes, and we’ve got to call upon the good Lord.